

STATE OF NEW JERSEY

Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

RELIABILITY & SECURITY

IN THE MATTER OF THE BOARD'S)	ORDER ADOPTING STAFF'S
INVESTIGATION INTO JCP&L's STORM -)	FINAL REPORT AND APPROVING
RELATED OUTAGES OF AUGUST 2002)	STIPULATION AND AGREEMENT
)	OF SETTLEMENT
)	
)	DOCKET NO. EXO2120950

(SERVICE LIST ATTACHED)

BY THE BOARD:

The Board of Public Utilities ("Board"), an agency within a principal department of the Executive Branch of the State Government, is empowered to ensure that regulated public utilities provide safe, adequate and proper service to the citizens of New Jersey (N.J.S.A. 48:2-23). Jersey Central Power and Light ("JCP&L" or the "Company") is an electric public utility subject to the jurisdiction of the Board.

On August 2, 2002, severe thunderstorms led to the loss of electric service to approximately 180,000 customers in the Central Region of Jersey Central Power & Light Company ("JCP&L" or "the company"). Of these customers, about 40,000 had no electricity for over three days and total restoration was not completed until five days after the storm. At the request of Governor James E. McGreevey to the Board's President, the Board's Staff undertook an investigation of JCP&L's restoration decisions and actions in connection with these outages. The investigation resulted in Report to the Governor on Jersey Central Power & Light Company's August 2, 2002 Storm Response, dated February 20, 2003 (the "Report"), a copy of which is attached hereto. The Report identified concerns with JCP&L's storm response and the overall reliability of the company's electric distribution system. Negotiations with JCP&L resulted in a Stipulation and Agreement of Settlement ("Stipulation"), a copy of which is attached.

Generally, the Stipulation seeks to improve performance and restoration of service and to address resource issues. More specifically, the Stipulation provides for (1) a performance measure tool for rapid distribution of work crews in response to a major event with automatic penalties; (2) an increase in the New Jersey work force in reliability areas by 40; (3) stabilizing the number of the existing work force; (4) work force training; (5) addressing immediate issues such as mutual aid, staffing and tree trimming; (6) a focused audit of the company's Planning,

Operations and Maintenance Programs; (7) addressing critical care customers and customers who rely on wells; and (8) payment of \$125,000 to the five affected County Offices of Emergency Management and payment of \$125,000 to the Department of Education to support educational programs.

In approving the Stipulation, the Board recognizes its innovative solutions to provide relief for JCP&L's customers. Moreover, the Board stresses that deregulation does not mean the end of the mandate that all utilities must provide safe, adequate and proper service. The Board also notes the unique emphasis in this Stipulation on the role of the workers and their union. The Board understands that, at the end of the day, it is the workers who maintain and restore service for ratepayers. Meanwhile, the Stipulation contains a number of compliance deadlines, which will be closely monitored by Board Staff.

Accordingly, the Board HEREBY ADOPTS the Staff's Report. The Board also HEREBY APPROVES the Stipulation attached hereto as its own, incorporating by reference the terms and conditions as if fully set forth herein. The Board HEREBY ORDERS JCP&L to comply with all the requirements contained therein.

DATED: 3/13/03

BOARD OF PUBLIC UTILITIES
BY:

(SIGNED)

JEANNE M. FOX
PRESIDENT

(SIGNED)

FREDERICK F. BUTLER
COMMISSIONER

(SIGNED)

CAROL J. MURPHY
COMMISSIONER

(SIGNED)

JACK ALTER
COMMISSIONER

Commissioner Hughes Concurs in Part and Dissents in Part

I generally concur with the Board's decision but dissent from the Stipulation only insofar that \$125,000 is to be provided to the Department of Education to support education programs. I will continue to dissent on such provisions without specificity as to the use of such funds and unless that specificity is linked to a policy related to the utility, from which the funds are provided.

(SIGNED)

CONNIE O. HUGHES
COMMISSIONER

ATTEST:

(SIGNED)
KRISTI IZZO
SECRETARY